



## HHS Committee - Medicaid Expansion Testimony

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### **Montana is Already Paying for the Expansion**

Effective January 1, of 2014 the Affordable Care Act imposes a 2.1% gross receipts tax and a 2% fee on health insurance carriers to fund the Medicaid expansion. If we do not expand, the revenues created from Montana insurance companies will be used to fund these expansion efforts in other states, and Montana will not experience the benefit even though we have paid the price.

### **An Opportunity to Improve Quality and Save Costs**

Medicaid is a program with numerous challenges. In comparison to the general population, Medicaid beneficiaries have much higher rates of poor health, fewer resources, and lower rates of health literacy.

Federal and state governments struggle to maintain the robustness of their Medicaid programs, especially during economic downturns when budgets are tight. So it is understandable that there is considerable debate about whether or not to expand the program.

Regardless of whether or not the state of Montana chooses to implement Medicaid expansion, the state can take advantage of quality improvement and the 10-20% cost reduction made available through the use of the medical management practices of local health plans and Accountable Care Organizations like New West Health Services, BCBS, PacificSource and others.

According to the Lewin Group study of 14 different state Medicaid programs, the use of Medicaid health plans has been credited to save between 2-19% of state Medicaid costs by reducing fraud, waste, abuse and unnecessary utilization of services including a reduction in emergency room utilization and hospital readmissions.

Using private Medicaid health plans to augment the state run program not only is likely to reduce costs, but is quite likely to improve quality of care as measured by industry metrics namely the Healthcare Effectiveness Data and Information Set (HEDIS) that includes well child and preventive screenings, immunizations, asthma treatment, reduction in low birth weight babies, lead screenings, etc.

It is for that reason, I personally, New West organizationally, and our owner, the Billings Clinic, support expanding Medicaid to the adult population of Montana. As importantly, we support an accountable organizational approach to develop a sustainable Medicaid solution for Montana.

The responsible approach to developing a sustainable Medicaid program is to embrace the medical, case, and disease management concepts of today's modern Accountable Care Organizations whose purpose it is to help strengthen the Triple Aim of Health Care which includes:

- 1) Improvement of quality
- 2) Enhancing the member's experience
- 3) Decreasing per capita costs

When one considers the Medicaid population, the involvement must go further. The patient centered medical home is central to success, but the concept must be extended to the patient centered medical neighborhood and/or patient centered medical communities, and it best done within Accountable Care Organizations that combine doctors, hospitals and health plans working together for the member benefit.

Bringing Accountable Care and Care/Case/and Disease Management principles to the Montana Medicaid program can improve quality, enhance the member/patient experience and create the highest value system for members and the state of Montana.



## New West Health Care Reform Principles

With the implementation of the Patient Protection and Affordable Care Act (ACA) and the Reconciliation Act of 2010, New West Health Services felt it was important to develop Principles of Health Care Reform in order to address their perspective on implementing the ACA.

All Health Care Reform should help to strengthen the Triple Aim of Health Care which includes: 1) improvement of quality; 2) enhancing the member's experience; 3) decreasing costs.

Health care reform is not possible without health insurance coverage, and New West supports policies based on the following principles:



**The Triple Aim of Healthcare**

### Ensuring Health Insurance Coverage for All

- Achieve universal coverage through market-based solutions or public/private partnerships, avoiding a government run, one-size fits all approach
- Encourage patient responsibility and financial accountability for lifestyle choices and health care decisions
- Provide employers, individuals, and state and federal entitlement programs with access to affordable, high-quality coverage options
- Establish the expectation that each American will maintain some form of insurance coverage
- Take advantage of existing Accountable Care Organizations (ACO's)
- Incorporate the principles of a Patient Centered Medical Home, preventive services, and medical management for acute and chronic health conditions

### Reforming the Health Care Payment System

- Appropriately reimburse health care providers for their costs and the value of care provided
- Promote quality care
- Improve efficiency
- Reward wellness and prevention

### Increasing Access to Quality and Cost Information

- Seek patient perspectives and feedback
- Establish patient and family advisory councils
- Improve the availability of health care delivery systems in our state's rural areas
- Provide multiple opportunities for patients to provide candid feedback, including follow-up surveys, forms online and a patient relations hotline
- Develop physician quality ratings that show consumers how often a physician meets certain targets when caring for their patients

### Achieving Effective and Efficient Health Care

- Promote widespread adoption of interoperable health information technology systems to reduce errors and maximize provider collaboration
- Develop policies to encourage a "medical home" or physician office responsible for coordination the overall care of the patient
- Accelerate applied clinical research and demonstrate programs which give patients access to advances in science and innovative research
- Support medical education, residency programs and the training efforts that prepare an adequate number of physicians, nurses and other health care workers



## New West Medicare - a Blueprint for Enhancing the Montana Medicaid Program

The state of Montana has an opportunity to increase the quality of care and reduce the costs of administering the current state Medicaid program through the use of local Accountable Care Organizations (ASO's) and Managed Care Organizations (MCO's) like New West Health Services.

According to the Lewin Group study of 14 different state Medicaid programs, the use of Medicaid Health Plans has been credited to save between 2-19% of state Medicaid costs by reducing fraud, waste, abuse and unnecessary utilization of services including a reduction in emergency room utilization and hospital readmissions.

In addition, quality of care is also increased as measured by industry metrics namely the Healthcare Effectiveness Data and Information Set (HEDIS) that includes well child and preventive screenings, immunizations, asthma treatment, reduction in low birth weight babies, lead screenings, etc.

Regardless of whether or not the state of Montana chooses to implement Medicaid expansion, it is New West's strong recommendation to take advantage of quality improvement and the 10-20% cost reductions made available through the use of local MCO's and ACO's.

Medicaid is a program with numerous challenges, both for its beneficiaries, the state and the federal government. In comparison to the general population, Medicaid beneficiaries have much higher rates of poor health, fewer resources, and lower rates of health literacy. Federal and state governments struggle to maintain the robustness of their Medicaid programs, especially during economic downturns when budgets are tight.

Medicaid health plans understand what Medicaid beneficiaries need to live healthier lives:

- Medicaid beneficiaries need integrated systems of care that **promote access** to necessary services and improve health outcomes.
- Medicaid beneficiaries benefit from outreach efforts that assist them in making and attending medical appointments and **obtaining needed care** on an ongoing basis.
- Medicaid beneficiaries with chronic conditions require focused programs that provide tailored clinical and care management strategies and **improve quality of life**.
- Medicaid beneficiaries often benefit from **assistance with non-health related needs** that can improve their health and well-being.

Medicaid health plans achieve cost-savings for states while outperforming the fee-for-service programs on key quality measures:

- Nearly **50%** of Medicaid beneficiaries in the nation currently get their health care coverage from private Medicaid health plans.
- Medicaid health plans can provide **savings of up to 20 percent** compared to the fee-for-service programs.
- A multiple state comparison of **drug costs** found that the Medicaid health plan costs per-member per-month were **10 to 15 percent lower** than fee-for-service programs.
- The Lewin Group study also found that preventable hospitalizations can be **25 to 38 percent lower** in private Medicaid health plans than in fee-for-service programs.

